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Message Text

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44
ACTION EUR-12

INFO OCT-01 ISO-00 TRSE-00 BIB-01 FCC-01 COME-00 EB-07

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 OTPE-00 EURE-00 /066 W
---------- 081128
P 091659Z MAY 75
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC PRIORITY 6392

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POUCHED TO ALL CONSULATES IN CANADA FOR INFO

E.O. 11652: N/A
TAGS: EGEN, EIND, ETEL, EFIN, BBAK, SCUL, SEDU, CA
SUBJ: TAX QUESTION FOR TIME, READER'S DIGEST AND BORDER
TV STATIONS - PARLIAMENTARY STAGE

REF: A. OTTAWA 1559; B. OTTAWA 1510

1. DEBATE PRIOR TO SECOND READING (TO SECURE AGREEMENT IN PRINCIPLE) OF BILL C-58 COMMENCED IN SPARSELY ATTENDED HOUSE OF COMMONS AFTERNOON OF MAY 8, BUT WAS NOT RPT NOT CONCLUDED. MOTION CLEARLY INDICATED BILL WOULD BE REFERRED TO STANDING COMMITTEE ON BROADCASTING, FILMS AND ASSISTANCE TO THE ARTS. IN VIEW ALLOCATION MAY 9, 12, 13 AND 14 TO OPPOSITION, EARLIEST DATE SECOND READING DEBATE COULD RESUME WOULD BE NEXT THURSDAY, MAY 15, BUT IT NOT PRESENTLY CLEAR THAT IT WILL BE TAKEN UP ON THAT DATE. CONSIDERATION BY COMMITTEE WILL NOT TAKE PLACE UNTIL AFTER SECOND READING CONCLUDED.

2. MAY 8 DEBATE WAS DESULTORY. SECRETARY OF STATE FAULKNER GAVE GOVERNMENT POSITION ON PERIODICALS ASPECTS AND, ON BEHALF COMMUNICATIONS MINISTER PELLETIER (WHO LEFT HOUSE AFTER QUESTION PERIOD),
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ALSO GAVE POSITION REGARDING BROADCASTING STATIONS.

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OFFICIAL OPPOSITION SPEAKERS GENERALLY SUPPORTED BILL, CRITICIZING ONLY GOC TARDINESS IN INTRODUCTING IT. CLAIMED DENIAL TAX DEDUCTIBILITY SHOULD HAVE BEEN DONE YEARS AGO. MOST SPEAKERS CONCENTRATED ON TIME/ READER'S DIGEST ASPECT OF ISSUE, WITH SOME BACK BENCHERS MILDLY CRITICAL OF GOVERNMENT POSITION. SOME SPEAKERS APPEARED UNUEASY THAT ANY ATTEMPT BY PUBLICATIONS ACQUIRE CANADIAN STATUS (SUCH AS TIME'S EFFORT REPORTED IN OUR 1637) BY SHOWING GOC THEIR CONTENT WAS "NOT SUBSTANTIALLY THE SAME" AS THAT OF FOREIGN PERIODICALS WOULD LEAD TO GOC HAVING TO MAKE DETERMINATIONS AKING TO CENSORSHIP. FUALKNER, HOWEVER, DISMISSED SUCH OBJECTIONS ARGUING THIS PROVISION WAS NOW IN THE LAW FOR OVER TEN YEARS AND HAD GIVEN RISE TO NO SUCH PROBLEM. HE ALSO ARGUED THAT ONE OBJECTIVE OF THE LEGISLATION WAS TO PUT TIME AND READER'S DIGEST ON BASIS OF EQUALITY WITH OTHER FOREIGN PERIODICALS (E.G., NEWSWEEK) PRESENTLY CIRCULATING IN CANADA.

3. COPY OF HANSARD FOR MAY 8 BEING SENT TODAY TO EUR/CAN (KRUSE) AND EB/TD (O'NEILL. OFFICIAL OPPOSITION SPEAKERRS WERE FAIRWEATHER (PROGRESSIVE CONSERVATIVES), SYMES (NEW DEMOCRATS) AND LAMBERT (SOCIAL CREDIT) WHOSE REMARKS BEING ON PAGES 5597, 5600 AND 5603 RPT 5597, 5600 AND 5603 RESPECTIVELY.

4. ATTENTION IS CALLED TO LAST SECTION (PP 5592-5596) OF FAULKNER STATEMENT ON PERIODICAL ASPECT IN WHICH HE OUTLINES BASIC RATIONALE OF GOC WITH RESPECT TO TIME/READER'S DIGEST POSITION IN CANADIAN MARKET AND REVIEWS EFFORTS OF HIS DEPARTMENT STIMULATE GROWTH OF CANADIAN PERIODICALS OF OTHER TYPES TO BETTER COMPETE WITH US COUNTERPARTS IN THE MARKET. LATTER SHOULD IN PARTICULAR BE REVIEWED BY USG AGENCIES INTERESTED IN GENERAL EVOLUTION GOC POLICY TOWARD THE PUBLISHING INDUSTRY (SEE OTTAWA 0811 AND 1610; AND A-296, MAY 8, 1975). WE ARE FORWARDING FAULKNER STATEMENT SEPARATELY BY AIRGRAM.

5. COMMENT: ALTHOUGH BROADCASTING ASPECT NOT LIMITED OFFICIAL USE

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ACTIVELY DISCUSSED IN HOUSE ON THIS OCCASION, COMMITTEE STAGE MAY BE DIFFERENT AND U.S. TV STATIONS SHOULD HAVE OPPORTUNITY MAKE THEIR CASE IF THEY REQUEST IT. WE REPEAT OUR SUGGESTION (REF B) THAT DEPARTMENT SHOULD CONSIDER DISCUSSION WITH AFFECTED U.S. BROADCASTERS OF A POSSIBLE STRATEGY REGARDING GRADUAL PHASE OUT OF TAX DEDUCTIBILITY. PORTER

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Draft Date: 09 MAY 1975
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Disposition Case Number: n/a
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